



State of California-Health and Human Services Agency
Department of Health Services

SANDRA SHEWRY
Director



ARNOLD SCHWARZENEGGER
Governor

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CCS Information Notice No.: 05-18

TO: ALL COUNTY CALIFORNIA CHILDREN'S SERVICES (CCS)
ADMINISTRATORS, MEDICAL CONSULTANTS, STATE CHILDREN'S
MEDICAL SERVICES (CMS) BRANCH STAFF AND REGIONAL OFFICE
STAFF

SUBJECT: MEDICARE PART D COVERAGE

On January 1, 2006, as the result of the Medicare Modernization Act (MMA) of 2003, Medicare Part D will begin to provide coverage for outpatient prescription drugs to persons eligible for Medicare. Participation in Part D is voluntary unless the client is eligible for both Medi-Cal and Medicare (known as a "Medi/Medi"). These dual eligible individuals will be automatically enrolled in a Part D plan if they do not make a plan choice themselves.

California Children Services clients with Medi-Cal and Medicare coverage

Parents/legal guardians of children who have Medi-Cal and Medicare coverage were sent a notice by the Medi-Cal Program (see Enclosure 1) informing them that their child will automatically be placed in a Part D drug plan as of January 1, 2006. In addition, the CMS Branch is sending a similar letter (see Enclosure 2) to those children who are identified as having both Medi-Cal and Medicare coverage.

By now they have already received a letter from the Center for Medicare & Medicaid Services informing them of the plan in which their child was placed. Placement in one of these drug plans is mandatory, however, it is possible to enroll in another plan by calling the plan they want their child to be in. The plan will assist in the enrollment/disenrollment processes.

Coverage of prescriptions written for these children will be the primary responsibility of the Medicare Part D drug plan and will not be reimbursable by Medi-Cal or CCS. The Medi-Cal program, with CCS authorization, will only provide coverage for those drug categories that are specifically excluded from coverage by the Part D plan. These drugs include:

- Drugs for:
 - Anorexia, weight loss or weight gain
 - Symptomatic relief of coughs and colds
 - Some non-prescription drugs (such as insulin and syringes)
- Barbiturates
- Benzodiazepines
- Prescription vitamins and minerals

Each participant in a Part D plan will have to make co-payments for each prescription dispensed. Co-payments can range from \$1 to \$5 for each prescription fill, depending on the drug and the plan. Providers may choose to waive co-pays or may deny service if payment cannot be made.

The EDS claims payment system will be able to identify these individuals and the plans in which they enroll. Even with the presence of a CCS authorization (a valid SAR or an approved claim) claims for pharmaceuticals submitted for Medi-Cal/Medicare clients will be denied for drugs that are required to be provided by the Part D plan.

CCS Clients with Medicare coverage only

Under the MMA (42 CFR §423.56(b)), programs such as CCS that currently provide prescription drug coverage to Medicare beneficiaries must disclose whether the program's coverage is comparable to or better than coverage under Part D. A program that is comparable to or better than Part D is considered to have "creditable prescription drug coverage". Such a program:

- Provides coverage for brand and generic prescriptions;
- Provides reasonable access to retail providers;
- Provides coverage that is designed to pay, on average 60 percent of participants' drug expenses;
- Has integrated health coverage; has no more than a \$250 deductible per year; has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000; and has no less than a \$1,000,000 lifetime combined benefit maximum.

This required disclosure of whether prescription drug coverage is creditable provides Medicare beneficiaries with important information relating to their Medicare Part D enrollment. Beneficiaries who are covered under creditable prescription drug coverage and who choose not to enroll before the end of the initial enrollment period for Part D, likely will not have to pay a higher premium on a permanent basis if they subsequently choose to enroll in Part D.

At this time, enrollment into a Medicare drug plan is not required by the CCS program. CCS clients with Medicare coverage will retain current CCS drug coverage if they choose not to enroll in a Medicare Part D drug plan. However, if the parent/legal guardian enrolls a Medicare covered individual into a Medicare drug plan, CCS drug coverage will be lost except for those drugs that are specifically excluded from the Part D drug plans. Please see Enclosure 3 for a copy of the letter that will be sent to CCS clients who have been identified with Medicare coverage.

As more information becomes available, it will be distributed. If you have any questions, please contact Joleen Heider, Chief, Statewide Programs Section, at (916) 327-0679, or by email, at jheider@dhs.ca.gov.

Original signed by Marian Dalsey, M.D., M.P.H.

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Children's Medical Services Branch